GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:269
ANSWERED ON:19.12.2003
FARM TRADE REFORMS
IQBAL AHMED SARADGI

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the European Union and the US have presented a joint plan for farm trade reforms that could inject new life into troubled world trade talks;

(b) if so, the main features of this proposal;

(c) whether the Government has opposed this proposal;

(d) if so, the main reasons for the same;

(e) whether the US, EU and Canada have also submitted a joint proposal to the World Trade Organisation suggesting an alternative formula for tariff cuts in non-agriculture projects; and

(f) if so, the details thereof?

Answer

MINISTER OF COMMERCE AND INDUSTRY(SHRI ARUN JAITLEY)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (F) OF THE LOK SABHA STARRED QUESTION NO. 269 19.12.2003 REGARDING FARM TRADE REFORMS

(a) & (b): On 13th August 2003, prior to the Cancun Ministerial Conference scheduled in September, the European Union (EU) and the United States (US) presented a joint proposal on a framework for modalities for negotiations on the World Trade Organization (WTO) Agreement on Agriculture. The EU-US joint text accommodated their respective sensitivities across each of the three pillars of domestic support, export competition and market access of the WTO Agreement on Agriculture. The proposal did not quantify the commitments by WTO Members across these three pillars, leaving them open to subsequent negotiation.

In respect of domestic support, the proposals could have the result of permitting the EU and the US to by and large maintain their respective support levels implicit in the 2002 Farm Act of the US and the 2003 Common Agricultural Policy (CAP) reforms of the EU, besides not meeting the requirement of substantial reductions in trade-distorting domestic support set out in the Doha mandate to negotiate.

In respect of export subsidies, the EU-US joint text limits phasing out of export subsidies only to some products, and draws a parallelism in the effects of reduction of direct and indirect export subsidies, while the Doha mandate to negotiate requires reduction, with a view to phasing out, all forms of export subsidies.

In respect of market access commitments, the EU-US text was the most ambitious in seeking steep reductions in tariffs from developing countries in particular, while providing for protection through tariffs and safeguards on their own sensitive agricultural products.

(c) & (d): In view of the self-serving nature of the EU-US joint text, these proposals evoked a strong reaction from developing countries, which led to the formation of the G-20 alliance on agriculture. India, along with other developing countries as part of the G-20 alliance on agriculture, which includes Argentina, Brazil, China, Egypt, Indonesia, Philippines, South Africa and Zimbabwe, have maintained that the offer of reform of their farm sector by the developed countries does not meet the objectives of the Doha mandate on the negotiations in agriculture, which calls for substantial reduction in trade distorting domestic support, phasing out all forms of export subsidies, and substantial improvements in market access, while ensuring that special and differential treatment for developing countries is an integral part of all elements of the negotiations and enable developing countries to effectively take account of their development needs, including food security and rural development.

(e) & (f): The joint proposal submitted by US, EU and Canada suggested an alternative formula for tariff cuts in non-agricultural products which would reduce the reduction commitments of the developed countries while increasing the developing countries` reduction commitments.